

[ **NTA, May 03, 1991** ]

**RULES AND REGULATIONS GOVERNING TRADING OF LOCALLY  
GROWN VIRGINIA LEAF TOBACCO**

Pursuant to the authority vested in the National Tobacco Administration (NTA) under Executive Order No. 245 and other laws not inconsistent thereto and in consonance with its regulatory functions, the following trading rules and regulations for Virginia tobacco are hereby promulgated for the information and guidance of all concerned.

**Regulation I  
General Provisions**

*RULE 1. Definition of Terms* — As used in those Rules and Regulations:

- a. **Executive Order** refers to Executive Order No. 245.
- b. **NTA** refers to the National Tobacco Administration, a government agency created and existing under Executive Order No. 245.
- c. **Board** refers to the Board of Directors of the NTA.
- d. **Administrator** refers to the Managing Head or Officer-in-Charge of the NTA.
- e. **NTA Officials** refers to the Administrator, Deputy Administrator, Chairman or any member of the Board, Manager of the Market Development and Regulation Department, Legal Department, Farm Development Department, Branch Managers of Provincial Branch Offices or Head of any special trading enforcement team of the NTA.
- f. **NTA Tobacco Inspector** or **Grader** refers to any other NTA employee duly appointed or assigned by the Administrator to assist in the grading or classification of Virginia tobacco and implementation and enforcement of these Rules and Regulations.
- g. **BIR** refers to the Bureau of Internal Revenue.
- h. **Person** refers to any natural person, corporation, company, partnership, association, cooperative, consortium of dealers, or any other juridical entity.
- i. **Tobacco** refers to locally grown Virginia type tobacco excluding those that are redried, threshed or blended.
- j. **Farmer** is a person whose stock of leaf tobacco is the product of the land tilled by him or is given to him as remuneration for assisting in the growing of tobacco or in the flue-curing of tobacco leaves.

k. **Buyer** is a person, corporation, company, partnership, consortium of tobacco dealers, or entity duly authorized by the NTA under license to buy tobacco from farmers and other authorized dealers.

l. **Trading Center** is a building or warehouse, including its accessories, used exclusively for buying, selling, baling or handling, and storing of tobacco from farmers or authorized sellers.

m. **Purchase Commitment** is a written undertaking in favor of the NTA to buy or cause to be procured a definite quantity of tobacco from farmers and other authorized sellers during a particular trading season, and to pay liquidated damages to the NTA, the amount of which shall not be less than ten percent of the estimated average value of the unpurchased quantity, in the event of unreasonable refusal and failure to procure the quantity undertaken to be purchased.

n. **Authorized Seller** refers to any person, other than a farmer whose stock of leaf tobacco is acquired through other lawful means.

o. **T/C Agent** refers to any person or group of persons whose stock of leaf tobacco is acquired/purchased from farmers/other authorized sellers who is duly registered as such for a particular trading season. He may be affiliated with one or more T/Cs to whom such leaf tobacco shall be delivered. In no case may such T/C Agent/Middleman deliver directly to Principal Buyers/Wholesale Tobacco Dealers/Redrying Plants.

p. **Leaf Tobacco** refers to whole leaf locally grown Virginia type tobacco, excluding those that are redried, threshed, stripped, or blended.

q. **Trading** includes the buying, selling, delivery to redrying plants for processing, deposit or storage, barter or exchange of leaf tobacco.

r. **Wholesale Tobacco Dealer** is a person other than the licensed buyer, manufacturer, exporter, and redrier with permit to Purchase issued by NTA.

s. **End-Buyer** refers to manufacturers, exporters, and redriers with permit to Purchase/Redry issued by NTA.

t. **License to Buy** is a written authority issued by NTA as a license for buyers to purchase tobacco at trading centers from registered farmers or authorized sellers or T/C Agents/Middlemen.

u. **Permit to Purchase** is a written authority issued by NTA to Wholesale Tobacco Dealers and/or End-Buyers to purchase tobacco from trading centers.

v. **Permit to Redry** is a written authority issued by NTA to redriers of tobacco only engaged in redrying or processing of tobacco of end-Buyers.

w. **Production Commitment** is a written undertaking of a registered farmer to produce/procure a certain quantity of leaf tobacco for a particular trading season.

x. **Production Quota** is a written authority issued by NTA to a registered farmer to

produce/procure and deliver to T/Cs during a particular trading season a certain quantity of leaf tobacco.

y. **Purchase/Sales/Transfer Book** is a book showing all transactions such as buying, selling, transferring of a particular buyer T/C indicating among other things the name of farmer/seller or T/C Agent/Middleman, certain quantity of tobacco bought/delivered with specified value and quantity sold, transferred with serial number of source document, Principal Buyer/WTDRP that purchased the same and duly recorded in a chronological manner for the duration of the trading season. These Books shall be submitted to the MDRD, Central Office, NTA after the end of every trading season. Keep and recorded as official document of the Office (NTA).

## **Regulation II**

### **Registration of Farmers**

*RULE 1. Who May Apply for Registration* — In general, any tobacco farmer who intends to sell his tobacco stocks to a Buyer shall apply for the registration or inclusion of his name in the NTA roster of tobacco farmers and the issuance of a production quota.

*RULE 2. Form and Content of Application/Production Quota* — Application for registration shall be accomplished and filed in at least three copies on the form prescribed for the purpose, duly subscribed and sworn to before a person authorized to administer oaths or attested to by a Barangay Captain or President of farmers association and stating particularly, among others, with sufficient correctness and clarity, the following:

- a. Full name and address of the applicant;
- b. Applicant's citizenship, age, sex and civil status;
- c. The location and size in hectares of the area being cultivated by him for Virginia tobacco; or in case of farm helpers and flue-curers, the names and addresses of the farmers for whom they have rendered services;
- d. Estimated quantity of tobacco produced or received as share, as the case may be, by the applicant;
- e. The full name, age and other personal circumstances of one person whom the applicant is designating as his representative, who shall be either his spouse or any of his relatives within the fourth civil degree;
- f. The applicant shall attach to his application his two (2) black and white photographs (ID size), taken within the last six months and also two (2) pictures of his representative[s]; and
- g. The applicant shall sign the production commitment portion of the application, stating among others the quantity in kilos of his estimated production for the ensuing trading season.

*RULE 3. Where to File Application* — An application for registration in the prescribed form, together with the accompanying pictures, shall be filed with the NTA

Provincial/Field Offices or any NTA Tobacco Inspector or Technician in the province where the applicant resides. No application fee shall be collected from any applicant for registration.

*RULE 4. Verification and Evaluation* — Upon receipt of the application, the Manager, NTA Provincial/Field Office shall cause the verification of the correctness of the information contained therein. He shall inform the applicant, after verification and processing of the application, as to the deficiencies if any.

*RULE 5. Issuance of Production Quota* — Upon satisfactory showing that the applicant is a *bona fide* farmer or authorized seller, after signing the commitment portion of the application, the NTA Administrator, through the Provincial/Field Office, shall issue to him the Production Quota for the trading season.

*RULE 6. Term of Production Quota* — The Production Quota is valid for one trading season only, but renewable every year thereafter.

*RULE 7. Prohibition* — Registered farmer/sellers are prohibited to sell their leaf tobacco product to unregistered trading centers and unregistered middlemen or TC Agents. Any farmer/seller who sells his leaf tobacco to unregistered buyers/middlemen is not protected by these tobacco laws, trading rules, and regulations. Complaints from said farmer/s who violate this prohibition shall not be entertained by NTA.

*RULE 8. Assignability/Transferrability of Production Quota* — A production quota may be transferred, sold, or assigned in any manner provided by law, to any registered farmer/seller who fails to meet its Production Quota or falls short of his production commitment or production quota, and any person, firm or entity whose stock of leaf tobacco was acquired through other lawful means may apply for a Special Production Quota or may sell/assign his tobacco stocks to a quota holder.

*RULE 9. Form and Content of Special Production Quota* — Application for Special Production Quota with the necessary supporting documents shall be filed in at least three copies and sworn to before any official authorized by law to administer oaths and stating particularly among others, the following:

- a. Full name, address and personal circumstances of the applicant;
- b. A brief statement of the circumstances or nature of the transaction under which he acquired the tobacco stocks;
- c. The name and address of the person, firm or entity from whom he acquired the tobacco stocks;
- d. The quantity and grade/s of tobacco;
- e. The place or location where the tobacco is stored and the applicant shall attach to his application copies of supporting documents.

*RULE 10. When and Where to Apply* — The application for Special Production Quota together with the supporting documents, shall be filed with the NTA Provincial/Field office where the tobacco is stored.

*RULE 11. Verification and Evaluation* — Upon presentation of convincing proof that such tobacco was acquired by the applicant through accidental and isolated legitimate transaction, and there is no reason to believe that the applicant is a person engaged in the business of dealing in tobacco without a license, a Special Production Quota may be issued for such quantity of tobacco as specified in the application.

*RULE 12. Duration of the Special Production Quota* — The Special Production Quota shall only be valid for a single transaction and it shall be surrendered to and cancelled by the Buyer of the tobacco described in the Quota. It shall be attached to the original copy of his purchase invoice voucher (PIV).

### **Regulation III**

#### **License to Buy Tobacco**

*RULE 1. Who May Apply for License to Buy Tobacco* — Any person of legal age and having the legal capacity to enter into contract, a corporation, company, particularly cooperative, consortium or association of tobacco dealers, or any other juridical entity, foreign or domestic, which has complied with requirements of the law as a juridical entity, may apply for a license to Buy Virginia tobacco from Registered farmers, other authorized sellers, and T/C Agents/Middlemen, Provided, That the applicant:

- a. has the financial capacity to buy a definite minimum quantity of tobacco which shall not be less than 250,000 kgs. during a particular trading season;
- b. is willing to execute a Purchase Commitment in a form prescribed by NTA.
- c. can post the required surety bond in favor of the NTA, if necessary; and
- d. is willing and able to establish, operate and maintain a trading center/s in such place/s to be designated by the NTA where he shall buy tobacco in accordance with the prescribed rules and procedures.

However, an association, organization or consortium of tobacco dealers may be allowed for special reasons to execute and sign the required Purchase Commitment for the purpose of the issuance of license to buy unto and in favor of its members, or agents or representatives as may be designated by such member, for whom the association, organization or consortium of tobacco dealers is acting and whose identities must be disclosed and who, upon being found to be qualified and eligible to engage in tobacco trading, shall be issued the corresponding licenses in their own respective individual names and account. Such association, organization or consortium may execute and sign the Purchase Commitment alone or jointly and severally with its members, but nothing herein provided shall be construed as a waiver by the NTA of its power to regulate, control and supervise the trading of Virginia tobacco, as provided for by law.

*RULE 2. Surety Bond* — The bond shall be issued by a reputable bonding company in favor of and acceptable to the NTA to guarantee faithful compliance by the Buyer of his obligations as Licensed Buyer, such as but not limited to the payment of liquidated damages in the event that the Licensee refuses or fails to buy the